APPENDIX

APPENDIX A

IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF VIRGINIA
ALEXANDRIA DIVISION

Civil Action No. 80-250-A

SKIPPY, INC.
A Delaware corporation
11900 St. Johnsbury Court
Reston, Virginia 22091

Plaintiff.

v.

CPC INTERNATIONAL, INC.
A Delaware corporation
International Plaza
Englewood Cliffs, NJ 07632

Defendant.

COMPLAINT FOR TRADEMARK INFRINGEMENT, UNFAIR COMPETITION, CANCELLATION OF FEDERAL TRADEMARKS AND INJUNCTIVE RELIEF

Plaintiff, by its attorneys, brings this civil action against the above-named defendant and complains and alleges as follows:

I. DESCRIPTION OF THE PARTIES AND STATEMENT AS TO JURISDICTION AND VENUE

1. This is an action for federal and common law trademark infringement and unfair competition, arising under the common law of the Commonwealth of Virginia and the Federal Trademark Act of 1946, 15 U.S.C. § 1051 *et seq.* This action seeks damages and a permanent injunction.

2. This court has jurisdiction of the subject matter and of the parties under 15 USC Section 1121, and 28 USC Section 1338(a) and (b). Venue lies under 28 USC Section 1391(b) and (c).

3. Plaintiff, Skippy, Inc. is a Delaware corporation having its principal place of business at 11900 St. Johnsbury Court, Reston, Virginia 22091.

4. Defendant, CPC International, Inc. (hereinafter "CPC") is a Delaware corporation having its principal place of business at International Plaza, Englewood Cliffs, New Jersey 07632. Defendant is registered to do business in the Commonwealth of Virginia, and has a place of business within this judicial district.

II. STATEMENT OF THE CLAIM

5. On or about March 15, 1923, Percy L. Crosby first used the name SKIPPY as a trademark for newspaper cartoons and comic strips based primarily upon the activities of a male child name "Skippy" who was created by Mr. Crosby.

6. On September 8, 1925, Mr. Crosby obtained federal trademark Registration No. 202,913 in his name for the mark SKIPPY for the title of cartoons depicting a humorous juvenile character.

7. Within a few years of its creation, the SKIPPY cartoon strip was syndicated to over 100 daily and Sunday newspapers throughout the United States and later in several foreign languages in countries around the world.

8. Due to the success of the SKIPPY cartoon strip, numerous companies in the late 1920's took out licenses with Mr. Crosby for the use of the SKIPPY name and trademark on various products including ice cream, candy, pens and pencils, children's clothing, marionettes and dolls.

9. Moreover, numerous companies licensed the SKIPPY name for use in connection with advertising or promoting their products, including peanuts and other food products.

10. In addition to his SKIPPY comic strip, Mr. Crosby wrote several novels and books about SKIPPY, portions of which were serialized in Life magazine and Ladies Home Journal and subsequently published by G. P. Putnam's Sons and

other major publishers in the late 1920's and early 1930's. Some of the novels and books were "Skippy"; "Skippy and Other Humor"; "Skippy Rambles" and "The Story of Skippy."

11. In 1931, General Mills for its breakfast cerial Wheaties, sponsored radio programs entitled SKIPPY based upon the SKIPPY comic strip. As a result of the success of the SKIPPY radio programand the good will associated with Mr. Crosby's SKIPPY comic strip, by 1932 Wheaties had become a leading brand of cereal.

12. Similarly, in 1931 Paramount Pictures, pursuant to a license from Mr. Crosby, produced and released a motion picture entitled SKIPPY based upon Mr. Crosby's SKIPPY novel and comic strip. The motion picture was a nationwide box office success and the role of SKIPPY played by Jackie Cooper established him as a child star. The director of the picture, Norman Taurog won an Academy Award and Jackie Cooper was nominated for Best Actor.

13. By 1932, the name SKIPPY had become associated in the public's mind with Mr. Crosby's SKIPPY comic strip and anyone who used the name SKIPPY for or in connection with his products acqui d and benefited from the good will generated by Mr. Crosby's creation.

14. On or about May 11, 1932 Mr. Crosby's attorneys, the New York law firm of Lord, Day and Lord, incorporated plaintiff in the state of Delaware. Mr. Crosby assigned his SKIPPY trademark and copyrights in the SKIPPY literary works to plaintiff in exchange for common stock.

15. On information and belief, an individual by the name of Joseph L. Rosefield, trading under the name of Rosefield Packing Company, began manufacturing and selling peanut butter in the San Francisco, California area in approximately 1918. On or about September 23, 1924 Joseph L. Rosefield received a patent from the U.S. Patent Office which, among other things, referred to a process of hydrogenating the oil in the manufacture of peanut butter.

16. On information and belief, in approximately 1924, Joseph Rosefield entered into a license agreement with respect to the patent for hydrogenating the oil in the manufacture of peanut butter with E.K. Pond Co., of Chicago, Illinois. On or about March 1, 1927, E.K. Pond Co. commenced sale of peanut butter manufactured under Joseph Rosefield's patented hydrogenation process under the trademark PETER PAN. At the same time, Rosefield's successor-in-interest, Rosefield Packing Company, Ltd. (hereinafter "Rosefield"), was given the exclusive right to distribute PETER PAN peanut butter in a number of Western states of the United States. Rosefield also received royalties from the sale of PETER PAN peanut butter by E.K. Pond Co. By the end of 1932, PETER PAN peanut butter was the top selling brand of peanut butter in the United States.

17. On information and belief, in 1932 the agreement between Rosefield and E.K. Pond Co. was cancelled over a royalty dispute. As a result, E.K. Pond Co. began manufacturing and selling PETER PAN peanut butter under another process, no longer using the Rosefield patented process. Rosefield thereafter had no right to sell any peanut butter under the PETER PAN trademark.

18. On information and belief, following the termination of the PETER PAN license, Rosefield set out to create a trademark for peanut butter manufactured with its patented process to compete with PETER PAN peanut butter.

19. On information and belief, Rosefield selected the name SKIPPY for its peanut butter to compete with PETER PAN. At that time the name SKIPPY was associated with and had acquired a secondary meaning in connection with the name and character in Percy Crosby's comic strip entitled SKIPPY. Indeed, SKIPPY had become by 1933 a child's folk hero, not unlike PETER PAN.

20. On information and belief, Marvin Rosefield, the son of Joseph L. Rosefield, and an employee of Rosefield suggested the name and contents of the first label used by Rosefield for SKIPPY peanut butter.

21. On or about February 1, 1933, Rosefield began using the name SKIPPY on peanut butter. Rosefield's use was without authorization or permission from plaintiff, and Rosefield's trademark SKIPPY was adopted to trade on the good will associated with plaintiff's SKIPPY comic strip and character created by Mr. Crosby.

22. On June 19, 1933 Rosefield filed a trademark application in the United States Patent Office to register SKIPPY for peanut butter.

23. On September 6, 1933 plaintiff filed an opposition against Rosefield's SKIPPY application in the U.S. Patent Office, Opposition No. 13,134.

24. On January 9, 1934, the United States Patent Office sustained plaintiff's opposition to Rosefield's SKIPPY application, and Rosefield was accordingly denied the right to have a federal trademark for the name SKIPPY for peanut butter.

25. In spite of its unsuccessful attempt to obtain a federal trademark for the name SKIPPY for peanut butter, Rosefield continued to use plaintiff's SKIPPY trademark in connection with the manufacture and sale of peanut butter.

26. In the ten years from 1928 to 1937 Mr. Crosby turned out in excess of 3,500 episodes of the SKIPPY cartoon strip, ten books, and numerous pamphlets and essays. SKIPPY was one of the most popular exhibits at Chicago's World Fair in 1933 and 1934, and many children and their dogs became his namesake. Mr. Crosby became an internationally known artist and celebrity, and companies licensed the use of the SKIPPY trademark from plaintiff for their products. Nevertheless, Rosefield continued to trade off the name and good will of SKIPPY and its creator by using plaintiff's trademark SKIPPY on peanut butter without any license or other authorization from plaintiff.

27. On July 23, 1947 Rosefield filed a second application in the U.S. Patent Office to register SKIPPY for peanut butter. This application failed to make any reference to plaintiff's

earlier successful opposition. The affidavit and application were signed by Joseph L. Rosefield, who was President of Rose field at the time when its earlier application was successfully opposed by plaintiff.

28. On December 21, 1948 Rosefield was issued federal Registration No. 504,940 for the trademark SKIPPY for peanut butter. Had the examiner in the U.S. Patent Office been advised of plaintiff's earlier successful opposition, this registration would not have been issued to Rosefield.

29. In early 1949 Mr. Crosby was committed to Kings Park Hospital on Long Island, New York, and a court order was entered appointing a committee for him on the alleged grounds of incompetency. During Mr. Crosby's confinement at Kings Park Hospital for the next fifteen years, Mr. Crosby drew SKIPPY comic strips to be published upon his release and plaintiff during this time continued to exploit the SKIPPY comic strip series including the hiring of artists, licensing of television rights and republishing of earlier episodes in the SKIPPY comic strip.

30. On or about January 3, 1955 Rosefield assigned its federal trademark Registration No. 504,940 for SKIPPY to Best Foods Co., Inc., a New Jersey corporation.

31. On or about November 30, 1958 Best Foods, Inc. merged with Corn Products Refining Co. to form Corn Products Co., a New Jersey corporation.

32. On or about May 13, 1959 Corn Products Co., a New Jersey corporation merged to form Corn Products Co., a Delaware corporation. On or about April 23, 1969 Corn Products Co. changed its name to CPC International, Inc., the defendant herein.

33. On December 8, 1964 Percy L. Crosby died at Kings Park Hospital. Following his death, his daughter Joan Crosby Tibbetts was appointed administratrix of Mr. Crosby's estate. At that time, she sought the legal services of her father's former attorneys, the New York firm of Lord, Day and Lord,

who declined to provide legal service to plaintiff or the Crosby estate because of a potential conflict of interest with its then client Corn Products Co. Unbeknownst to Mrs. Tibbetts, Lord, Day and Lord had plaintiff's historical corporate files and records reflecting the organization of plaintiff and the origins, use and enforcement of its SKIPPY trademark.

34. Without the aid of plaintiff's corporate files and records in the possession of Lord, Day and Lord, Mrs. Tibbetts, as administratrix of Mr. Crosby's estate and subsequently as President of plaintiff, had extreme difficulty in piecing together the history of and rights in the trademarks and copyrights owned by plaintiff, and the rights, if any, defendant and its predecessors-in-interest, had to use plaintiff's trademark SKIPPY. In spite of these difficulties, plaintiff continuously exploited and licensed the SKIPPY trademark, and has done so to the present time, as the SKIPPY trademark is currently being used not only in connection with republishing and the famous comic strip, but also on other merchandise items such as dolls, pens, and pencils. Recently King Features Syndicate, Inc. has been granted a license to republish the SKIPPY comic strip and license the SKIPPY name. Additionally, the 193' motion picuture entitled SKIPPY continues to be expploited on television under license from plaintiff.

35. While still piecing plaintiff's corporate history together, Mrs. Tibbetts in April, 1976 renewed her request to Lord, Day and Lord for delivery of all of plaintiff's files in their possession. She renewed this request in October 1976 upon discovering that plaintiff had successfully opposed Rosefield's federal trademark application for SKIPPY peanut butter in 1934.

36. In early 1977 Mrs. Tibbetts on behalf of plaintiff advised defendant that she had learned about plaintiff's earlier successful opposition against Rosefield, which defendant acknowledged. Thereafter, defendant began negotiating with plaintiff for a right to use plaintiff's SKIPPY property. During these negotiations, plaintiff repeatedly requested access to its

files and records in the possession, custody or control of Lord, Day and Lord, then attorneys for defendant.

37. Defendant advised plaintiff throughout 1977 that it would enter into an "Option" agreement with plaintiff for use of plaintiff's SKIPPY for food products only if the marketing department of defendant determined that an option to use the SKIPPY material was of value to it. Subsequently, defendant offered $25,000 for an option to license the SKIPPY property owned by plaintiff and represented that in addition to the money, it intended to conduct marketing programs as soon as the agreement was executed. However, when the "Option" agreement to use plaintiff's SKIPPY property was offered, it contained a release by plaintiff of all claims it had against defendant.

38. Plaintiff again requested Lord, Day and Lord for its corporate records in their possession. On October 7, 1977, Lord, Day and Lord, after consulting with its client, defendant CPC, advised plaintiff that it would not release plaintiff's files and records to plaintiff until after defendant notified them that an agreement was executed between plaintiff and defendant concerning defendant's use of plaintiff's SKIPPY property.

39. Plaintiff executed this "Option" agreement on January 3, 1978 and then requested that Lord, Day and Lord turn over its files and records inview of the fact that an agreement had been entered with defendant CPC. CPC subsequently gave its approval to Lord, Day and Lord and as a result, Lord Day & Lord delivered some of plaintiff's files to plaintiff that it had in its possession, retaining still others. Defendant never did conduct any marketing programs to utilize plaintiff's property.

40. Upon receipt of these files and records from Lord, Day and Lord, in May, 1973 Mrs. Tibbetts as President of plaintiff learned for the first time of the extensive trademark activity of plaintiff and Mr. Crosby in the period of the 1920s, 1930s and 1940s, the extensive policing activities conducted against infringers of the SKIPPY trademark, and most importantly the fact that Rosefield and its successors including defendant nev-

er obtained a license from plaintiff for use of the SKIPPY name on peanut butter. Had plaintiff had access to or been in possession of these files, it would not have signed the "Option" agreement with defendant CPC.

41. On June 29, 1978, plaintiff filed an application to register the SKIPPY trademark for publications, namely, a cartoon comoic strip in the U.S. Patent and Trademark Office. On January 22, 1980 the U.S. Patent and Trademarkk Office issued certificate of trademark Reg. No. 1,129,551 to plaintiff for the SKIPPY trademark.

III. COUNT ONE—FEDERAL TRADEMARK INFRINGEMENT

42. Plaintiff hereby alleges, as fully set forth herein, paragraphs one through forty-one above.

43. Defendant and its predecessors in interest have infringed plaintiff's trademark rights in its mark SKIPPY Reg. No. 1,129,551, by various acts, including introducing, offering to sell, selling and continuing to sell peanut butter under the trademark SKIPPY.

44. Such prominent use of plaintiff's mark SKIPPY by the defendant on its peanut butter is likely to cause confusion, mistake, and deception, in that purchasers and prospective purchasers are likely to believe that the products sold by defendant are manufactured by, approved by, sold by, sponsored by or otherwise related to plaintiff, the owner and registrant of the mark SKIPPY. The use by defendant of the SKIPPY designation on its peanut butter is without the permission or authority or plaintiff and said use by defendant is likely to cause confusion, to cause mistake, and to deceive within the meaning of the Trademark Act of 1946, 15 USC Section 1051 *et seq.*

45. Prior to adoption and use by defendant's predecessor of the designation SKIPPY for peanut butter, it had actual knowledge of plaintiff's ownership, but nonetheless adopted plaintiff's mark in bad faith. Even after losing the opposition

proceeding to plaintiff in the U.S. Patent Office in 1934, defendant's predecessor, in complete derogation and disregard of plaintiff's rights, continued to use the SKIPPY trademark for peanut butter, at it its own peril. In spite of demands from plaintiff, defendant and its predecessors have refused to cease their unlawful conduct. Defendant's actions have caused and will continue to cause plaintiff damage to its business, reputation and good will and dilution of the distincitive quality of plaintiff's SKIPPY mark, all to plaintiff's irreparable damage.

46. Defendant through its predecessors has also violated the Federal Trademark Act and has committed fraud on the U.S. Patent and Trademark Office by asserting, in the application filed in 1948, that no other person had the right to use the SKIPPY trademark for food products, when it knew full well that plaintiff had such right, and had in fact had its rights vindicated by the U.S. Patent Office in the 1934 opposition.

47. Moreover, defendant through its predecessor has also violated the Federal Trademark Act and has committed further fraud on the U.S. Patent Office by asserting, in the Section 8 and 15 Affidavit filed on June 10, 1054 that there had been no final decision adverse to its claim of ownership of the mark, or to its right to register the same, when it knew full well that there had been a final opposition proceeding decision adverse to its claim of ownership and right to register its mark in 1934.

48. Such willful false statements made by defendant's predecessor, set forth in paragraphs 46 and 47 herein, coupled with its inaction in failing to advise the U.S. Patent Office of the earlier successful opposition, constituted fraud on the Patent Office. The federal registration and incontestability rights thus acquired by defendant's predecessor and now owned by defendant causes further damage to plaintiff in that it tends to create and maintain statutory rights in the name of defendant, in violation of the clear and established rights of the plaintiff in the SKIPPY trademark.

IV. COUNT TWO—COMMON LAW TRADEMARK INFRINGEMENT AND UNFAIR COMPETITION

49. Plaintiff hereby realleges, as fully set forth herein, paragraphs one through forty-eight above. This count is a claim of common law trademark infringement and unfair competition which is joined with the foregoing substantial related claim under the Trademark Act of 1946 contained in Count 1.

50. In addition to the trademark SKIPPY covered by the U.S. Trademark Reg. No. 1,129,551 for a comic strip, the mark SKIPPY is used by plaintiff in connection with other products and services, including dolls, pens and pencils, and motion pictures. By vitrue of these activities in interstate commerce and within the Commonwealth of Virginia, plaintiff's mark SKIPPY has become well and favorably known to the purchasing public as an indication of products and services emanating from a single source, the plaintiff.

51. The acts of defendant described above constitute common law trademark infringement of plaintiff's rights in the SKIPPY mark and unfair competition with plaintiff under the common law, in that the use by defendant of plaintiff's mark as alleged herein deceives the public into believing that the products sold by defendant are approved by, sponsored by, or affilated with the source of the SKIPPY products and services of plaintiff.

52. By the acts of defendant specified, plaintiff has suffered and will continue to suffer damage to its business, reputation and good will, and further said acts dilute the distinctive quality and strength of plaintiff's mark all to plaintiff's irreparable damage.

V. COUNT THREE—FEDERAL UNFAIR COMPETITION

53. As a complete and independent ground of relief, plaintiff alleges unfair competition under the Trademark Act of 1946, 15 USC Section 1125(a), and reaffirms and incorporates by reference paragraphs one through fifty-two.

54. The aforesaid use of the designation SKIPPY by defendant and its predecessor in interstate commerce in connection with peanut butter constitutes a false designation of origin and a false description and representation, all to the damage of plaintiff's business, reputation and good will, and further, defendant's acts dilute the distinctive quality and strength of plaintiff's SKIPPY mark, all to plaintiff's irreparable damage.

VI. PRAYERS FOR RELIEF

WHEREFORE, plaintiff prays for:

1. Judgment against defendant for the amount of damages suffered by plaintiff, the exact amount to be proved at trial;

2. That a permanent injunction be issued against defendant, its officers, agents, servants, employees, and all persons acting in concert or participation with it, enjoining them from using the designation SKIPPY;

3. For an order, pursuant to 15 USC 1119, directing the Commissioner of Patents and Trademarks to cancel all federal trademark registrations owned by defendant and/or acquired by defendant which include the name SKIPPY;

4. For judgment against defendant for full costs, interest and reasonable attorneys fees.

Respectfully submitted,

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VERIFICATION

DISTRICT OF COLUMBIA)
) ss
CITY OF WASHINGTON)

I, Joan Crosby Tibbetts, being duly sworn, depose and state that I am President of Skippy, Inc., that I am duly authorized to verify the foregoing complaint, and that the facts and allegations set out in the complaint are true to the best of my knowledge and belief.

/s/ JOAN CROSBY TIBBETTS
Joan Crosby Tibbetts

Subscribed and sworn to before me this 12th day of March, 1980.

_____

Notary Public

(SEAL) My Commission expires _____

IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF VIRGINIA
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Civil Action No. 80-250A

SKIPPY, INC.
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Plaintiff.

v.

CPC INTERNATIONAL, INC.
A Delaware corporation
International Plaza
Englewood Cliffs, NJ 07632

Defendant.

JURY DEMAND

In the above case, plaintiff requests trial by jury.

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APPENDIX B

IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF VIRGINIA
ALEXANDRIA DIVISION

Civil Action No. 80-250-A

SKIPPY, INC.

Plaintiff

v.

CPC INTERNATIONAL, INC.

Defendant

PLAINTIFF'S PROPOSED FINDINGS OF FACT AND CONCLUSIONS OF LAW

I. Findings Of Fact

A. Prior Action

1. This is an action for federal and common law trademark infringement and unfair competition, arising under the common law of the Commonwealth of Virginia and the Federal Trademark Act of 1946, 15 USC Section 1051 *et seq*. Essentially, plaintiff, the prior owner of the trademark and trade name SKIPPY, applied to the famous comic strip and subsequently used on a wide variety of other goods and services, seeks to enjoin use of the name SKIPPY by defendant on peanut butter.

2. Suit was commenced on March 14, 1980. The complaint alleged federal trademark infringement, common law trademark infringement and unfair competition, and federal unfair competition. On April 18, 1980, an answer and counterclaim for breach of contract and declaratory judgment were filed.

3. On June 24, 1980, the parties appeared before this court and presented oral argument on plaintiff's Motion for Summary Judgment based on its affirmative defenses of laches

and estoppel. On that date, the court denied defendant's motion. The court also struck plaintiff's monetary damage claims.

4. On July 18, 1980, the parties again appeared before this court and presented oral argument on defendant's Motion for Summary Judgement on the basis of the affirmative defenses of release, abandonment and incontestability. On the same day the court denied this motion also.

B. The Parties

5. Plaintiff, Skippy, Inc., is a Delaware corporation having its principal place of business at 11900 St. Johnsbury Court, Reston, Virginia 22091.

6. Defendant, CPC International, Inc. (hereinafter "CPC") is a Delaware corporation having its principal place of business at International Plaza, Englewood Cliffs, New Jersey 07632. Defendant is registered to do business in the Commonwealth of Virginia, and has a place of business within this judicial district.

C. Chronology Of Plaintiff's SKIPPY Trademark And Trade Name 1923-1945

7. On or about March 15, 1923, Percy L. Crosby (hereinafter "Crosby") used the name SKIPPY as a trademark for newspaper cartoons and comic strips based primarily upon the activities of a male child named "Skippy" who was created by Crosby.

8. In addition to the name and "Skippy's" quaint costume all his own—an indescribable checked hat, huge white collar, flowing tie and dragging socks—Crosby used other symbols which became associated with the SKIPPY comic strip. Most famous was the "ever-present" white slat fence which for over twenty years was used by Crosby. Moreover, Crosby used the White slat fence as a background for messages written by "Skippy," who would be shown in the comic strip carrying a bucket and brush.

9. On September 8, 1925, Crosby obtained federal trademark Registration No. 202,913 in his name for the mark SKIPPY for the title of cartoons depicting a humorous juvenile character.

10. Within a few years of its creation, the SKIPPY cartoon strip was syndicated to over 100 daily and Sunday newspapers throughout the United States and later in several foreign languages in countries around the world. Crosby's SKIPPY was one of the most popular and well-known comic strips and characters in the 1920s, 1930s and 1940s. From 1927 to 1945, the strip was syndicated under contracts with King Features Syndicate.

11. Due to the success and popularity of the SKIPPY cartoon strip, numerous companies in the late 1920s took out licenses with Crosby for the use of the SKIPPY name and trademark on various products including ice cream, candy, pens and pencils, children's clothing, marionettes and dolls.

12. Moreover, numerous companies licensed the SKIPPY name for use in connection with advertising or promoting their products, including peanuts and other food products.

13. In addition to his SKIPPY comic strip, Crosby wrote several novels and books about SKIPPY, portions of which were serialized in Life Magazine and Ladies Home Journal and subsequently published by G. P. Putnam's Sons and other major publishers in the late 1920s and early 1930s. Some of the novels and books were "Skippy"; and "Skippy and Other Humor"; "Skippy Rambles" and "The Story of Skippy."

14. In 1931, General Mills for its breakfast cereal Wheaties, sponsored radio programs entitled SKIPPY based upon the SKIPPY comic strip. As a result of the success of the SKIPPY radio program and the good will associated with Crosby's SKIPPY comic strip, by 1932 Wheaties had become a national brand of cereal.

15. Similarly, in 1931 Paramount Pictures pursuant to a license from Crosby, produced and released a motion picture

entitled SKIPPY based on Crosby's SKIPPY novel and comic strip. The motion picture was a nationwide box office success and the role of SKIPPY played by Jackie Cooper established him as a child star. The director of the picture, Norman Taurog, won an Academy Award, and Jackie Cooper was nominated for Best Actor.

16. On or about May 11, 1932, Crosby's attorneys, the New York law firm of Lord, Day and Lord, incorporated plaintiff in the state of Delaware. Crosby assigned his SKIPPY trademark and copyrights in the SKIPPY literary works to plaintiff in exchange for common stock.

17. In the eighteen years from 1928 to 1945, Crosby turned out in excess of 6,000 episodes of the SKIPPY cartoon strip, ten books, and numerous pamphlets and essays. The strip reached over forty million Americans through the newspapers, the radio program and the SKIPPY movie. Crosby became an internationally known cartoonist and hundreds of companies licensed the use of the SKIPPY trademark for their products, all of which resulted in the name SKIPPY becoming associated by the public with plaintiff for a wide variety of goods and services.

II. 1945-1949

18. Through the first eleven months of 1945, continuing until December 8, 1945, the SKIPPY comic strip appeared in daily and Sunday papers around the country, syndicated by King Features Syndicate. On December 8, 1945, the syndication contract with King Features Syndicate terminated, although King Features maintained certain rights to allow reprints of the strips.

19. Plaintiff continued to receive periodic royalties from King Features Syndicate throughout the period 1945-1949 on the basis of reprint and other rights.

20. During this period, the corporation made annual filings and was in good standing with the State of Delaware.

21. During this period, Crosby worked on a sequel to the SKIPPY novel. Forty-five chapters had been completed by 1947.

22. In 1947, plaintiff retained the Al Dvorin Ad Agency of Chicago to promote and license the SKIPPY property. The Al Dvorin Ad Agency worked on developing radio scripts, cartoon projects for the Saturday Evening Post and other matters.

23. In 1946, the New York publisher, Grosset and Dunlap, Inc. negotiated with plaintiff with respect to a third reprint of the SKIPPY novel.

24. (a) In 1946, Metro-Goldwyn-Mayer Studios negotiated with plaintiff for a remake of the SKIPPY novel in motion picture form.

24. (b) In 1947, in his book "The Comics," Carlton Waugh referred to SKIPPY as one of the top and most popular strips.

25. On December 2, 1949, George Borgfeldt and Co. assigned to Crosby U.S. Trademark Reg. No. 296,463 of the mark SKIPPY as applied to toy figures.

III. 1949-1959

26. In early 1949, Crosby was committed to Kings Park Hospital, Long Island, New York, where he remained until his death on December 8, 1964. In 1949, a court order was entered appointing a committee for him on alleged grounds of incompetency. During the period 1949-1959, Crosby's wife, Carolyn, directed the business of plaintiff, until her death in 1959.

27. Both prior to and during his commitment at Kings Park Hospital, Crosby drew SKIPPY comic strips to be published upon his release. Also during this entire period, Carolyn Crosby made repeated contacts and visits to King Features Syndicate to explore avenues of exploiting the SKIPPY property.

28. In late 1949 or early 1950, Rube Goldberg, the famous cartoonist, visited Crosby at Kings Park Hospital, and subsequently wrote a letter to Crosby in which he expressed his pleasure that Crosby intended to resume publication of the strip upon his release from the hospital.

29. Throughout this period, annual filings for the corporation were made with the Secretary of State of Delaware.

30. In 1951 and 1952, the corporation negotiated and concluded a real estate transaction involving property in the Commonwealth of Virginia. The firm of Lord, Day and Lord served as attorneys for plaintiff.

31. During this period, commencing in 1952, the corporation maintained an account with Irving Trust Company in New York.

32. On May 3, 1953, the SKIPPY name and character were used on the Horn & Hardart television show.

33. Commencing in 1953, the corporation began investigating the possibility of another SKIPPY movie.

34. In 1954 and 1955 the corporation considered and investigated prospective purchasers of the SKIPPY comic strip, their agents, etc. and explored the possibility of a SKIPPY movie, radio program, television program and other possible sources. During this period, several artists submitted drawings of SKIPPY to King Features Syndicate. Samples of artists' materials were submitted to the various agents and syndicates.

35. In 1955, plaintiff made a decision to set up a subsidiary corporation to exploit rights in the SKIPPY property on television and in merchandising. Such subsidiary corporation was established in 1956 under the name Skippy Enterprises, Inc., and plaintiff approved of the transfer of television and commercial rights to the new corporation, plaintiff retaining all other rights.

36. On October 24, 1956, Skippy Enterprises, Inc., with the permission and approval of plaintiff, entered into a contract with Jackie Cooper, who had starred in the original SKIPPY movie in 1931, to develop a television pilot and series. $7,000 was received from Cooper.

37. In 1957, the agreement with Jackie Cooper was extended for another year, to October 24, 1958. An additional $2,000 was received from Cooper.

38. Under the agreement, Cooper produced a television pilot, and Cooper and the television film were featured in the August 30, 1958 issue of TV Guide. The film was exhibited, possibly among others, in New York City.

39. On May 26, 1957, on the television program "Horn & Hardart's Children's Hour Special on the Funnies," an actor was dressed as SKIPPY while Ed Herlihy narrated about one of the greatest of all comic strips.

40. During this period, plaintiff effected renewals of copyright in a number of the works of Percy Crosby owned by the corporation, including a renewal of the SKIPPY novel on December 26, 1956, No. R: 183080 and renewal of the novel DEAR SOOKY on October 4, 1957. Other copyright renewals were made with respect to the Ladies Home Journal serialization of the SKIPPY novel, which episodes were renewed by Curtis Publishing Company and assigned to Crosby on February 3, 1959. Plaintiff also renewed the copyright in the novel SKIPPY RAMBLES on September 24, 1959, No. R: 242609, and renewed the copyright in A CARTOONIST'S PHILOSOPHY, which contains SKIPPY dialoge, on October 27, 1958, No. R: 223333.

41. Also during this period, reproductions of the strip continued to be published with permission, including an insertion in the collection "Comic Art In America," published by Simon & Schuster in 1959.

42. Also during this period, the motion picture version of SKIPPY continued to be under license to Paramount, and in 1958 the motion picture SKIPPY was listed as available for television exhibition through MCA-TV, the assignee of Paramount.

IV. 1960-1970

43. Carolyn Crosby, the wife of Percy Crosby and then President of plaintiff, died in November, 1959. Thereupon direction and management of the corporation evolved to the Lafayette National Bank, as committee of Percy L. Crosby,

and Rose L. Stein, executor of the estate of Carolyn Crosby, until 1964, when Percy Crosby died. After protracted proceedings which lasted for three years, and which involved two court proceedings, the estates of Percy Crosby and Carolyn Crosby were settled, the rights previously granted to Skippy Enterprises, Inc. were returned to plaintiff, and majority control of plaintiff was vested in the children of Percy Crosby. Joan Crosby Tibbetts, daughter of Crosby, was elected President in 1968.

44. During this period, annual filings were made with the Secretary of State of Delaware.

45. As previously indicated, Percy Crosby, up until the time of his death, continued to draw SKIPPY cartoon strips while confined, and also wrote dialogue on the SKIPPY character. Also during 1960-1964 Rose Stein made repeated contacts and visits to King Features Syndicate to explore avenues of exploiting the SKIPPY property.

46. In 1963 and 1964, plaintiff negotiated with Windy City Features, Inc., a Chicago company specializing in the syndication of comic strips and also merchandise tie-ins. An agreement was negotiated, and a contract was scheduled to be signed in December 1964. Crosby's death on December 8, 1964 caused this negotiation to be abeyed pending settlement of the estate.

47. During this period, the SKIPPY cartoon strip continued to be reprinted in comic strip anthologies and the like, with permission initially granted by King Features Syndicate, and subsequently ratified by plaintiff.

48. In July, 1967, King Features Syndicate granted permission to Tower Press to reprint the SKIPPY comic strip in the publication "Good Ol' Days," and such republications have continued down to the present time with the consent of plaintiff.

49. During the month of November, 1968, an exhibit of the SKIPPY comic strip art and other art of Percy Crosby was presented at the University of Maine. Five hundred mailings of a brochure promoting the exhibit were mailed. Articles

appeared in the Maine newspapers, and in connection with the exhibit, a fifteen minute television program was presented in November, 1968, filming and narrating the SKIPPY cartoon strip.

50. During the period 1965 to 1969, negotiations were undertaken with Windy City Features, Inc., King Features Syndicate and United Feature Syndicate to resume the SKIPPY cartoon strip. Negotiations were undertaken, in 1966 and 1967, with Ross Simmons, a cartoonist from Clawson, Michigan.

51. Negotiations were also entered for reprints of the SKIPPY comic strip with Nostalgia Comics.

52. During 1967 and 1968, as a result of the Exhibit at the University of Maine and the attendant publicity, plaintiff was contacted by various art dealers and galleries with offers to purchase the SKIPPY cartoon strip art work.

53. In 1967, the advertising agency of Dancer, Fitzgerald and Sample contacted plaintiff concerning use of the SKIPPY name and character.

V. 1970-1970

54. During this period annual filings were made with the Secretary of State of Delaware.

55. Following negotiations covering the years 1968 to 1971, (as well as the negotiations earlier in the 1960s referred to previously) in March, 1971, plaintiff enetered into an agreement with Windy City Features, Inc. of Chicago, Illinois to republish and market the SKIPPY name and property. $5,500.00 was received under this agreement, which lasted until March, 1973. Among the clients of Windy City Features, Inc. who took on republication of the strip were the Toronto Globe and Mail, the Mankato Free Press of Mankato, Minnesota, The Herald of New York City, Williams Press, Inc. of Chicago Heights, Illinois, Maurice Horn of Brooklyn, New York, the previously mentioned Tower Press, Inc. of Seabrook New Hampshire, and Real Free Press, of Amsterdam, The Netherlands.

56. In 1971, the SKIPPY name and character were featured at a cartoon exhibit at the University of Maryland, College Park, Maryland.

57. SKIPPY was featured in the anthology "The Comics" by Jerry Robinson, published by Putnam in 1974, with permission of plaintiff.

58. SKIPPY was republished in the collection "Art: The Way It Is" by Prentice Hall in 1974, with permission of the plaintiff.

59. SKIPPY was printed in an educational text book by Silver Burdette Publications in 1975 under permission from plaintiff.

60. In 1974 plaintiff granted permission to the Elderberry Times, of Elderberry, Maine to use the property in special issues.

61. In 1975, under a license previously granted by Windy City Features, the book "Skippy by Percy Crosby" was published by Real Free Press, of Amsterdam, The Netherlands.

62. During this period there were various exhibits of the SKIPPY cartoon strip at exhibitions and museums. In 1973, Jerry Mueller exhibited in seven states. In 1973, SKIPPY was exhibited in a collection entitled "Comic Art" at the Kennedy Center in Washington, D.C. In 1974 and 1975, SKIPPY comic strips were loaned to the Cartoonists Museum in Greenwich, Connecticut. Commencing in 1973, comic historian Jerry Robinson used the SKIPPY cartoon strips in teaching a course on cartoon drawing at the New School of Social Research.

63. Also during this time, sales of SKIPPY cartoon strip art were made to various persons, including Robert Murphy and Al Paskow.

64. SKIPPY was reprinted in the "Smithsonian Collection of Newspaper Comics 1894-1950" with permission of plaintiff in 1977, published by the Smithsonian Institute Press.

65. In 1976, plaintiff entered into an agreement with Jerry Robinson and Holt, Rinehart and Winston for publication of a book about the SKIPPY comic strip and its creator, Percy L. Crosby. $2,400 was received as an advance on royalties. The book, entitled "Skippy and Percy Crosby" by Jerry Robinson, with an introduction by Jules Feiffer, was published in late 1978 by Holt, Rinehart and Winston.

66. In June, 1978, plaintiff entered into a licensing agreement with Worldwide Merchandising Corporation of New York City, to promote the SKIPPY name and property. This agreement was terminated in October, 1978.

67. In September, 1978, plaintiff entered into a contract with Effanbee Doll Corporation, wherein Effanbee was licensed to put out a limited, collector's edition of the SKIPPY doll which was first licensed by Crosby and plaintiff in the late 1920s and early 1930s. Under the license with Effanbee, 4,000 SKIPPY dolls were manufactured. $5,000 was received by plaintiff under this agreement.

68. In the middle and late 1970s, the movies SKIPPY and SOOKY, originally produced by Paramount Pictures under license from Crosby and plaintiff, continued to be shown on television. While prior to 1979 the television distributor, MCA, Inc., had not obtained the appropriate permission from plaintiff, by reason of a settlement of a lawsuit filed in this court, the prior showings were ratified by plaintiff, and any subsequent showings of the film are under license from plaintiff. The SKIPPY and SOOKY motion pictures continue to be listed as available for television distribution through MCA. Under the settlement with MCA, plaintiff received $4,000.

69. During this period, the SKIPPY cartoon strip continued to be reprinted by various parties. As previously stated, Tower Press has since 1967 and down to the present continued to republish the strip in its publication "Good Ol' Days." Originally, this publication by Tower Press was done with permission of King Features Syndicate, and since 1976 with the express permission of plaintiff. Plaintiff continued to receive royalties from such publications. In 1976, permission to

reprint the strip in "The World Encyclopedia of Comics" by M. Horn was granted to Chelsea House Publications. Also in 1976, the SKIPPY strip was republished in "Comic Memorabilia" by Robert Lesser, with permission. In June 1977, under permission from plaintiff, SKIPPY was featured on the front cover of "Cartoonists Profiles," and an article on the SKIPPY strip appeared in the same issue. In 1977 and 1978, permission was given to reference to the SKIPPY strip in "Politics in the Comics" by Professor Charles Press of the University of Michigan, which work was published by Fairleigh Dickinson Press. In 1980 permission was given to the Washington Post and the National Highway Traffic Safety Administration to reprint the SKIPPY comic strip. In 1978, the SKIPPY comic strip was reprinted with permission in the publication "A Tribute to Amelia Earhart" by Shirley Dobson. The strip was also republished in 1977 in a book collection entitled "SKIPPY 1925-1926" by Hyperion Press, for which publication plaintiff received payment.

70. In the Spring of 1976, plaintiff entered into an agreement with Frank McQuaid, who operates a rare book store in Maine, whereby several hundred of the SKIPPY books, originally published in the 1930s, were consigned for sale. A five hundred dollar ($500) advance was received under this agreement, and the agreement is still in effect.

71. Commencing in 1977, and continuing up to the present time, plaintiff has sold and distributed pens and pencils bearing the SKIPPY name thereon.

72. In June of 1979, plaintiff entered into an agreement with King Features Syndicate of New York City, for syndication and merchandising of the SKIPPY name and property. This agreement expired in June, 1980.

73. In January, 1978, plaintiff entered into a marketing option agreement with defendant, which option agreement is more fully discussed below.

74. During this period, plaintiff also filed for and obtained a U.S. trademark registration for the SKIPPY name. On June

29, 197, an application was filed, which matured into Registration No. 1,129,551, issued January 22, 1980. In March, 1979, two additional applications were filed to register the SKIPPY name and the SKIPPY name in conjunction with the character as a service mark for merchandising services. These applications are still pending.

75. During this period, numerous other activities were undertaken by or on behalf of plaintiff to exploit the SKIPPY name and property. Included among these efforts were contacts with various art galleries to repeat the successful art exhibit at the University of Maine, which contacts were made in 1974 and 1975; a 1974 approach to plaintiff by Richard Turner, formerly with Windy City Features, asking plaintiff to consider a renewed approach on license; an approach to Jackie Cooper in October, 1975 by plaintiff to consider a special benefit showing of SKIPPY in conjunction with the American Film Institute, which attempt was renewed in 1976; discussions with an animator in Hollywood in 1977 concerning a SKIPPY television series, and another approach to Robert Reed of the Chicago Tribune Syndicate in 1978 concerning a television series. In 1978 and 1979 plaintiff had discussions with Hobby House Press concerning use of the SKIPPY name and character on patterns for doll clothing and paper dolls, via Effanbee Doll Company, the license for the dolls themselves. Also in 1979, plaintiff approached Howard Beckerman concerning an animated SKIPPY special, and also approached Tony Mendez concerning the SKIPPY syndication rights in May, 1980.

76. In 1979, two other compnies agreed to take out licenses from plaintiff, namely, Skippy Ice Cream of Rochester, New York, and Martin Beverage Company, located in Brooklyn, New York. Discussions were also initiated with Gluck Watches of New York City, concerning a license for that company's use of the SKIPPY name, and initial contacts were made with Skippy Candle and Incense, of Southfield, Michigan and National Can Corporation of Chicago, which are using the SKIPPY name. The matters have not been finally resolved.

77. In 1976 and 1977 Inglett and Watson Galleries of Georgetown approached plaintiff for an exhibit of the SKIPPY art and memorabilia, and also discussed with plaintiff a proposal for a documentary on SKIPPY and Percy Crosby for television.

78. Also during 1978, plaintiff approached Hallmark Cards to explore the possibility of using SKIPPY for children's party theme cards. In 1980, plaintiff began efforts to obtain a grant from the National Endowment for the Arts to produce an animated film of SKIPPY, which application is now pending.

79. In 1978, the SKIPPY character was featured on the front of "Grapevine" the publication of the Newspaper Comics Council. In 1980, the National Cartoonists Society featured SKIPPY among other characters on the cover of the "85th Anniversary of Comics" issue.

80. From 1923 to the present, the name SKIPPY has always been associated with the SKIPPY cartoon. However, defendants's willful disparagement and total disregard for plaintiff's trademark rights has caused a reverse confusion in the trade and in the public's mind, all to plaintiff's considerable damage and deterent.

D. Chronology Of Defendant's Use Of SKIPPY For Peanut Butter, And Plaintiff's Actions With Respect Thereto

81. An individual by the name of Joseph L. Rosefield, trading under the name of Rosefield Packing Company, began manufacturing and selling peanut butter in the San Francisco, California area in approximately 1918. On or about September 23, 1924, Joseph L. Rosefield received a patent from the U.S. Patent Office which, among other things, referred to a process of hyrdogenating the oil in the manufacture of peanut butter.

82. In approximately 1924, Joseph Rosefield entered into a license agreement with respect to the patent for hydrogenating the oil in the manufacture of peanut butter with E. K. Pond Co., of Chicago, Illinois. For the first few years between 1924 and 1926, Pond used the name "Dainty," but sales were poor.

83. On or about March 1, 1927, E. K. Pond Co. commenced sale of peanut butter manufactured under Joseph Rosefield's patented hydrogenation process under the trademark PETER PAN, which was the name of the well-known character in Sir James Barrie's play. At the same time, Rosefield's successor-in-interest, Rosefield Packing Company, Ltd. (hereinafter "Rosefield"), was given the exclusive right to distribute PETER PAN peanut butter in a number of Western states of the United States. Rosefield also received royalties from the sale of PETER PAN peanut butter by E. K. Pond Co. By the end of 1932 and without any advertising, PETER PAN peanut butter was the top selling brand of peanut butter in the United States.

84. In 1932, the agreement between Rosefield and E. K. Pond Co. was cancelled over a royalty dispute. As a result, E. K. Pond Co. began manufacturing and selling PETER PAN peanut butter under another process no longer using the Rosefield patented process. Rosefield thereafter had no right to sell any peanut butter under the PETER PAN trademark.

85. Following the termiantion of the PETER PAN license, Rosefield set out to create a trademark for peanut butter manufactured with its patented process to compete with PETER PAN peanut butter and several hundred other producers of peanut butter, but was without any funds to do so. At this time, hundreds of comapnies, and in particular food manufacturers were using comic strips or cartoon characters as names for their products or in connection with adversiting and promoting their products.

86. Marvin and Jerome Rosefield, sons of Joseph Rosefield who founded Rosefield Packing Company, were officers of Rosefield and were employed by this corporation in 1933 when Rosefield first adopted the SKIPPY name and label of peanut butter. Marvin Rosefield testified that when he first suggested Rosefield adopt the name SKIPPY in 1933 for peanut butter, he was familiar with the SKIPPY cartoon character and even conceded that the name SKIPPY at that time was *associated with* Crosby.

Q: Were these Skippy cartoons by Percy Crosby?

A: Yes, I'm sure they were.

Q: Why is that?

A: Well, because thename is associated with the Skippy character of a little boy, who I do remeber, certainly.

Jerome Rosefield also testified at his deposition that when Rosefield selected the name Skippy as its brand for peanut butter, he was familiar with the SKIPPY cartoon by Crosby.

87. Marvin and Jerome Rosefield contradicted each other on how Rosefield arrived at selecting the name Skippy for Rosefield's peanut butter. Marvin Rosefield testified he suggested the name SKIPPY because he felt it was a common child's nickname and his high school best friend was named Skip but Skippy Peanut Butter sounded better than Skip Peanut Butter.

Q: What factors prompted you to suggest the name SKIPPY?

A: Skipper, Skip, Skippy were very common boyhood nicknames at that time. In fact, my best friend's nickname was Skip, and it did suggest use (sic) (youth) and that seemed to be it.

Q: Were there any other reasons?

A: It—it flowed well. Skippy Peanut Butter has a nice rhythm to it. You could have used others, which would have had an equal flow, like Buddy would have been a better name, had we thought of it, but Skip—Skip Peanut Butter gives you two consonants together, which is not—Skipper Peanut Butter leaves you with a twisted tongue. So, Skippy had a better flow.

Q: [Were] there any other reasons that prompted you to suggest the name SKIPPY?

A: Not to my knowledge.

88. On the other hand, Jerome Rosefield testified that Marvin never mentioned these reasons to him in their discussions to arrive at a brand name.

Q: Did you consider the name SKIPPY because it was a common child's nickname?

A: No, I don't believe so. Was it a common childs nickname?

Q: Did you brother ever tell you that he though SKIPPY might be a good idea because he had a friend named Skip?

A: I certainly doubt it, but I don't know.

89. The Rosefield decision to select the name Skippy which was the name of one of the country's most popular comic strips must be viewed in the context of the label adopted by Rosefield in 1933 for its SKiPPY Peanut Butter jar. The Rosefields claimed a total lack of knowledge as to how the SKIPPY Peanut Butter label was created. But the first SKIPPY Peanut Butter label *adopted the symbols associated with Crosby's SKIPPY comic strip*, namely, the "ever-present" white fence, the bucket and brush and childlike painting of the name "Skippy" on the fence in style similar to Crosby's.

90. Further evidence of Rosefield's adoption and use of plaintiff's trademark SKIPPY is demonstrated in two documents. The first document reflects that on February 3, 1933, Rosefield was attempting to make the assiciation of its product with plaintiff's SKIPPY but was advised,

> ". . . name should not be accompanied with an *exact* reproduction of the 'Skippy' character as the drawing may have been copyrighted." (Emphasis supplied.)

The second document, authored by defendant's attorney to the president and vice president of defendant confirms the fact of the association:

> "From a historical, as opposed to a legal, point of view, it would appear at various times in the past we did 'plagarize' in our labeling some of the Skippy comic concepts, notably the little boy and the fence."

91. On or about February 1, 1933, Rosefield began using the name SKIPPY on peanut butter. Rosefield's use was without authorization or permission from plaintiff.

92. On June 14, 1933, Rosefield applied for a federal trademark registration for the name SKIPPY for peanut butter.

93. On September 6, 1933, Skippy, Inc., filed a Notice of Opposition.

94. Both parties filed several briefs and a hearing on the merits was held.

95. The Examiner ruled in favor of the plaintiff, and defendant was denied the right to register the name SKIPPY for peanut butter and plaintiff's opposition was sustained. No appeal was taken by Rosefield and the Examiner's decison became final.

96. Notwithstanding plaintiff's successful opposition, Rosefield continued using the name SKIPPY and continued using the label incorporating the symbols from the SKIPPY comic strip.

97. In 1935, Skippy, Inc. discovered someone was distributing Skippy Peanut Butter in Utah and wrote a letter of protest. As a result, the party stopped distributing Rosefield's SKIPPY Peanut Butter. Nevertheless, Rosefield continued manufacturing and selling SKIPPY Peanut Butter in the Western States, but decided not to take any action against or make any reply to Skippy, Inc.

98. In 1944, Rosefield began distributing SKIPPY Peanut Butter in the East, and shortly thereafter, Skippy, Inc.'s attorney wrote to Rosefield objecting to its use of plaintiff's trademark SKIPPY. In response, Rosefield offered a settlement which was not accepted by Skippy, Inc.

99. In 1947, Skippy, Inc. renewed its objection to Rosefield for its use of plaintiff's trademark SKIPPY without plaintiff's permission or consent. Indeed, the fact that plaintiff *never* consented to Rosefield's use of its trademark SKIPPY and that Rosefield *never* relied on such consent was admitted by Jerome Rosefield in his testimony.

Q: Did Rosefield Packing Corporation at all times use the name Skippy fo their peanut butter without the

permission or consent of Percy Crosby or Skippy, Inc.?

A: We did not need, require, have use for the consent from anyone. I have already answered that question.

Q: My question is, did you have the consent?

A: I said no.

100. Further evidence that plaintiff never consented to Rosefield's use of its trademark SKIPPY is contained in documents pertaining to defendant's acquisistion of Rosefield in 1955. In a letter written prior to the acquisition, defendant was advised by its outside counsel that since Skippy, Inc. might renew its objections in the future, defendant's future use of the trademark SKIPPY would be at its peril without recourse to Rosefield. Defendant's attorney then recommended covering up the history of plaintiff's protest in the event of any future challenges by Skippy, Inc.

> "Paragraph (b) of the enclosed draft (Rosefield's warranties) will furnish your assurance that there is no pending attack on the seller's rights in the marks. We talked of the possibility of making some specific reference to the old protest, but I decided not to include here any reference to it. That certainly need not be regarded as a pending controversy after this long laspe of time, and the risk of any renewal of its seems to be very small, but the seller is *not in a position to give you any effective assurance that it will not be renewed, and if the question should come up I would rather see you defending yourselves on it without having your title papers show a reference to your present knowlege of the past history*. (Emphasis supplied.)

101. On July 23, 1947, Rosefield filed a second application in the U.S. Patent Office to register SKIPPY for peanut butter. This application failed to make any reference to plaintiff's earlier successful operation. The affidavit and application were signed by Joseph L. Rosefield, who was President of Rosefield at the time when its earlier application was succesfully opposed by plaintiff.

102. On December 21, 1948, Rosefield was issued federal Registration No. 504,940 for the trademark SKIPPY for peanut butter.

103. On June 10, 1954, defendant filed in the U.S. Patent Office a "Combined Affidavit Under Section 8 & 15" with respect to Reg. No. 504,940. The affidavit was signed by Joseph L. Rosefield, who was President of Rosefield at the time when its earlier application was successfully opposed by plaintiff.

104. That portion of the aforementioned affidavit that related to Section 15 (15 USC 1065) stated that there had "been no final decision adverse to registrant's claim of ownership of such mark for such goods or services, or to registrant's right to register the same or to keep the same on the register." At the hearing in this case on July 18, 1980, defendant's counsel conceded and the court ruled, that such statement was false.

105. On or about January 3, 1955, Rosefield assigned its federal trademark Reg. No. 504,940 for SKIPPY to Best Foods Co., Inc., a New Jersey corporation.

106. On or about November 30, 1958, Best Foods, Inc. merged with Corn Products Refining Co. to form Corn Products Co., a New Jersey corporation.

107. On or about May 13, 1959, Corn Products Co., a New Jersey corporation merged to form Corn Products Co., a Delaware corporation. On or about April 23, 1969 Corn Products Co. changed its name to CPC International, Inc., the defendant herein.

108. In April 1977, plaintiff threatened defendant with a lawsuit to enjoin its use of the name SKIPPY and to demand damages for past use. On May 3, 1977, the parties met. Plaintiff renewed its claims, and the possibility was discussed of defendant using plaintiff's property based upon ideas advanced by plaintiff.

109. On May 19, 1977, in a letter to plaintiff, defendant denied any liability and stated that "any agreement which we might reach would have to be on the basis of something *mutually* beneficial, a question as to which our *marketing people* must respond."

110. In June, 1977, the focus of considering the use of plaintiff's property with ideas advanced by plaintiff changed, as the defendant advised plaintiff the use of its property was being considered in connection with one of the concepts being explored by one of the defendant's advertising agencies:

> "I told her in some conversation that we were considering an advertising campaign as one of several possibilities which might utilize the comics as an adjunct to such a campaign and *should we elect to go that route*, there was a possibility of an arrangement being worked out."

111. On July 8, 1977, defendant by letter again advised plaintiff that any payment made to plaintiff "must be based upon our belief as to a *valid use* for the rights which we would obtain," and that this decision was being considered *by defendant's marketing department* in light of the advertising agencies' competition.

112. On August 23, 1977 by letter defendant advised plaintiff that its marketing department still had not made a decision on which advertising agency's concept it woud accept, but "it is conceivable that there may be a tie-in between a new campaign and the rights of Skippy, Inc. *If that marketing strategy is given a tentative go-ahead,*" defendant believed it would offer a marketing arrangement which would include a release by plaintiff for past claims. In that same letter, defendant advised plaintiff it would contact plaintiff as soon as "a definite *decision is made one way or the other.*"

113. In September, 1977, defendant did contact plaintiff and stated that its marketing department had decided to use plaintiff's property which would result in future royalties to plaintiff.

114. A marketing Agreement was agreed to in principle on September 26, 1977, which included a release by plaintiff and the Agreement was executed in December 1977 and January 1978.

115. At the time plaintiff executed this Agreement it believed defendant's representations that its marketing depart-

ment had decided to use its SKIPPY property and that the advertising agency's concept utilizing its propety had been accepted which would result in future royalties.

116. Both prior and contemporaneously with the execution of this Agreement, defendant advised plaintiff that it would be sending its marketing people to reveiw plaintiff's property for purposes of implementing its markeing decision to use plaintiff's property.

117. Plaintiff did not know when it executed the Agreement that defendant had rejected the advertising agency's concept utilizing the SKIPPY cartoon character *prior* to plaintiff's execution of the option Agreement. This is made clear in the testimony of Richard Siebrasse:

Q: In the spring or summer of 1977 did you have any conversations with McCann, Erickson concerning the possible use of any property owned by Skippy, Inc., including the Skippy comic strip?

A: Yes.

Q: Did they explore the possibility?

A: They evaluated it and submitted television story boards.

Q: The story boards included the use of the Skippy cartoon character?

A: A story board was submitted which incorporated a small boy and a small girl. The little boy was called "Skippy." And the little girl carried on a conversation about Skippy peanut butter.

Q: What was CPC's response to McCann, Erickson's evaluation?

A: We decided, as I indicated before, to test it, to evaluate it.

Q: And did you?

A: Yes.

Q: And what was the result?

A: We decided not to use it.

Q: That was in the summer of '77?

A: Yes.

MR. GETTINGS: Hold it. Let's get your best memory as to when this was.

A: The summer of '77. All of this activity took place within a very short period of time. The spring of '77 and concluding mid to late summer of '77.

118. Contrary to defendant's representations to plaintiff, defendant's decison to pay plaintiff money for the Option Agreement was not based upon its marketing department's evaluation. This is borne out by the testimony of defendant's executive John Volkhart, who authorized the execution of that Agreement:

Q: At the time that your authorization was sought to approve this (option) agreement between Skippy, Inc and CPC, did the marketing department say how much it would be worth to get an option on the use of the Skippy comic strip or Skippy comic character.

A: No, no.

119. Furthermore, contrary to defendant's representations to plaintiff that its marketing people were scheduled to visit plaintiff's offices in Reston to implement its decision to use plaintiff's property, defendant's marketing people were given different instructions from defendant's legal department.

Q: Were you ever advised by anyone in 1978 that you might be sent to Reston, Virginia to review some Skippy art work?

A: I was never advised that I would be sent. I was told that if I was ever down in her area that we could take a look at it, that it was there.

120. In short, unbeknownst to plaintiff and contrary to its representations to plaintiff, defendant entered into the Option Agreement to avoid adverse publicity, to obtain plaintiff's release, and to get plaintiff "off its back," as demonstrated by the testimony of defendant's witness, Hanes Heller:

"(I)t would appear that at various times in the past we did 'plagarize' in our labeling some of the Skippy Comic concepts, notably the little boy and the fence . . . If there is any truth to the story she tells of renewed interest in her father's work, including a biography to be published by Holt, Rinehart, the *possibility of adverse publicity cannot be ignored.*"

* * *

Q: What did you tell them in regard to what you said and what did you tell them in regard to what Mrs. Tibbetts said?

A: I don't believe I tried to report on the meeting other than to say that we had met and that I believe that we had the basis of an agreement that would encompass our right to use these materials should we elect to do so, and that this would wrap up all ast allegations and in substance hopefully would get her off our back.

121. From 1928 to 1942, Crosby and plaintiff were represented by the New York law firm of Lord, Day and Lord (hereinafter "LDL"), and from 1942 until 1978 LDL retained important trademark files and records of the plaintiff. From approximately 1958 when Best Foods merged with Corn Products Co., until the present, the same law firm has represented defendant.

122. In 1965, Joan Crosby Tibbetts called LDL and requested information about plaintiff and LDL said they couldn't help because of a conflict of interest with Corn Products, but failed to disclose that they were in possession of plaintiff's files.

123. Further in 1965, LDL advised plaintiff's attorney that the reason plaintiff had not received money from defendant for the use of plaintiff's SKIPPY trademark was that there had been an earlier license granted to Rosefield. As a result, plaintiff took no action against defendant.

124. In 1976 and 1977, plaintiff was advised by its former attorneys, LDL, that they had possession of approximately twenty files of the plaintiff. A list of file titles for these files

were provided to plaintiff by LDL, but these files did not suggest to plaintiff that the files had any bearing on trademark matters in general or any matters relating to the defendant.

125. In early 1977, plaintiff requested access to these files and LDL advised plantiff it could not turn them over until they received permission from defendant, and further advised plaintiff that these files were not important and had nothing to do with its claim against defendant.

126. Plaintiff advised defendant of its belief that these files had no bearing on its pending negotiations, and requested defendant to give its permission to LDL, but defendant refused to do so until May 1978, well after the Option Agreement was executed.

127. In October 1977, LDL was told by defendant that it was negotiating with plaintiff for an Option Agreement and a "settlement of all past disputes." At this time, LDL advised defendant that the files may have a bearing on the negotiations, indeed turning over the files might be "prejudicial" to the defendant in the context of obtaining the release.

128. LDL misrepresented to plaintiff that these files were not important.

129. LDL withheld these files from plaintiff until defendant advised them it was all right to release them to plaintiff, as indicated in the testimony of Henry Baldwin, an attorney with LDL:

Q: Did there come a time when Hanes Heller advised you by phone or letter that they had no objection to your sending Skippy, Inc. any of the files relating to Mr. Crosby or Skippy, Inc.?

A: Yes.

Q: When did that take place?

A: Some time after I received a letter from Mrs. Tibbetts, which I believe was dated February 24, 1978, in which she advised me that the agreement with Corn Products had been signed and that I should now turn over to her the files.

I called Hanes Heller and *asked him to confirm to me that, in fact, I could do this* and that the agreement had been signed *and he did.*

130. The files withheld from plaintiff did involve plaintiff's trademark rights and its claims against defendant. The withholdings of these files was prejudicial since plaintiff would not have executed the Option Agreement if it had had access to the files.

II. Conclusions Of Law

A. Jurisdiction And The Parties

131. The court has jurisdiction of the subject matter and the parties under 15 USC 1501 *et seq.* and 28 USC Section 1338(a) and (b). Venue lies under 28 USC Section 1391 (b) and (c).

B. Trademark Infringement And Unfair Competition

132. The court concludes that defendant is guilty of trademark infringement and unfair competition, both federally and at common law.

133. The Federal Trademark Act defines trademark infringement as the use of any "colorable imitation" of a registered mark which is "likely to cause confusion, or to cause mistake, or to deceive." 15 USC Sec. 1114(1). Plaintiff must demonstrate only the likelihood that an "appreciable" number of persons will be confused by the marks at issue. *Corning Glass Works* v. *Jeannette Glass Co.*, 308 F.Supp. 1321 (S.D.N.Y. 1970), aff'd per curiam, 432 F.2d 784 (2d Cir. 1970); *David Sherman Corp.* v. *Heublein Inc.*, 340 F.2d 377 (8th Cir. 1965). This "appreciable" number need not be a majority. McCarthy on Trademarks, Section 23:1 at 35. It is also well established that a plaintiff is not required to prove any instances of actual confusion. *See generally*, McCarthy, Sect. 23:2 and cases cited therein.

134. The determination whether a mark is likely to confuse is often approached by courts as a judgment whether the

marks have a "confusing similarity" of appearance. *Holiday Inns, Inc.* v. *Holiday Inn*, 364 F.Supp. 775 (D.S.C. 1973) aff'd without opinion, 498 F.2d 1397 (4th Cir. 1974). In order to prevail, the plaintiff must show that it is the true prior user of a valid trademark; that the marks in question are either identical or in close resemblence; and that the nature of the respective products used by the plaintiff and defendant are not so unrelated as to preclude any possibility of confusion as to their source. In this connection, the protection accorded by the law to a user's good reputation associated with his mark is not limited to directly competitive goods, and it is well settled that a trademark owner has the right to protection from non-competing goods. *Fleishman Distilling Corp.* v. *Maier Brewing Co.*, 314 F.2d 149, 151 (9th Cir. 1963), cert. denied, 374 US 830, 83 S.Ct. 1971 (1963); *Yale Electric Corp.* v. *Robertson*, 26 F.2d 972, 1974 (2d cir. 1928).

135. Plaintiff's federal registration, No. 1,129,551 issued January 22, 1980 for the mark SKIPPY as applied to publications, namely a cartoon comic strip, establishes plaintiff's prima facie right to use of that mark under the federal Lanham Act, 15 USC 1057b.

136. Moreover, plaintiff has established valid common law rights under the law of Virginia by virtue of its use of the SKIPPY name on products other than its federally registered cartoon comic strip. In this connection, the law of Virginia in establishing a test of "likelihood of confusion" is not unlike and parallels that of the federal trademark act. *Food Fair Stores, Inc.* v. *Lakeland Grocery Corp.*, 30 F.2d 156, 133 USPQ 127 (4th Cir. 1952).

137. The trademark laws are part of the much broader law of unfair competition, and infringement of a trademark constitutes a form of unfair competition. Unlike a claim for trademark infringement, however, a claim of unfair competition under either federal statutory or common law does not hinge on whethr the plaintiff's mark is federal registered and valid. This is stated in *John Walker and Son, Ltd.* v. *Bethea*, 305 F.Supp. 1302 (D.C.S.C. 1969), at page 1309:

"The elements of both actinos are decidedly similar and the courts often lump them together and discuss them as one cause of action. However, there is a distinction between the two forms of action. It is often said that the law of trademark infringement is part of an included in the broader law of unfair competition. However, the law of trademarks is governed by federal statutes, while the related law of unfair competition is of common law origins. See Brooks Bros. v. Brooks Clothing of California, Ltd., 60 F.Supp. 442, 65 USPQ 301 (S.D. Calif. 1945); Scriven v. North, 134 F. 366 (4th Cir. 1904); Stork Restaurant v. Sahati, 166 F.2d 348, 76 USPQ 374 (9th Cir. 1948).

It is clear that the action for unfair competition does embrace the law of trademark infringement and extend beyond it. Trademark infringement is a statutory action provided for under the Lanham Act, while unfair competition is a somewhat more comprehensive field, developed under the common law. Being an equitable action developed by case law the court has a great deal more flexibility and may consider a wider number of factors in an unfair competition controversy. Possible confusion in the minds of the buying public is at the core of the law of trademark infringement. Likewise the hallmark of that portion of the law of unfair competition, which deals with trademarks is possible confusion as to the course of goods. (Same citations as above.)

138. The court concludes that the plaintiff is the prior user of the name SKIPPY, and that by the time defendant adopted the same name in 1933 for its peanut butter, the name had acquired a secondary meaning as identifying plaintiff's property, principally the comic strip drawn by Percy Crosby, but also encompassing broad common law rights in the name as applied to a variety of other products and services as set forth in the findings of fact above.

139. The court further concludes that the defendant adopted and used the SKIPPY name for its peanut butter in bad faith. This is amply demonstrated in the record, which shows that two of the principals in the defendant's predecessor corporation, Rosefield Packing Co., knew that the SKIPPY name was associated with the creation of Crosby. This conclusion is further buttressed by the fact that defendat took for

its label additional symbols associated with th SKIPPY comic strip, including the white fence, the childlike writing of the name SKIPPY on the fence, and the bucket and brush. As the court in *Holiday Inns, Inc.* v. *Holiday Inn*, 364 F.Supp. 775 177 USPQ 640, (D.S.C. 1973), under similar circumstances stated:

> "Although intent is not a necessary element of trademark infringement, there can be no question of defendant's intent to infringe upon the plaintiff's marks. The defendant's president admitted that defendant did not begin to use the distinctive script in writing its name until after she knew of the plaintiff and after the record shows that the plaintiff had registered this script. The Court cannot believe that the defendant accidentally or innocently chanced upon the same style script as that used by the plaintiff or that it adopted its slogan without hoping to benefit from the recognition factor already developed by the plaintiff in a similar slogan. 177 USPQ at 646.

The court further concludes that plaintiff has continued its use of the SKIPPY name and trademark since 1933, and has not abandoned said name. The issue of abandonment is discussed more fully below under defendant's affirmative defenses.

140. While the goods to which plaintiff has applied the SKIPPY name and trademark over the years, and those upon which defendant has used the name, principally peanut butter, are not identical, the court finds that, because of the fame of plaintiff's name and mark its widespread use over a long period of time not only for the comic strip but for a wide variety of other goods and services, including in some cases food products, a likelihood of confusion exists. As indicated in paragraph 134 above, it is well settled that a trademark owner has the right to protection from non-competing goods. This should be particularly true in the field of populare comic strips. As Milton Caniff, famed creator of "Terry & The Pirates" and "Steve Canyon," an expert on cartoon history thoroughly documented and explained, since the 1920s, continuing down to the present, the public has come to recognize that famous cartoon characters and names in comic strips are licensed on a wide variety of goods and services. Over the years, courts have consistently

upheld the distinctiveness and reputation of literary and cartoon character names, even on clearly non-competitive goods. *Lone Ranger, Inc.* v. *Cox*, 124 F.2d 650 (4th Cir. 1942); *Feldman* v. *Amos & Andy*, 68 F.2d 746 (CCPA 1934); *Warner Bros., Inc.* v. *Roadrunner Car Wash, Inc.*, 189 USPQ 430 (TTAB 1975); *American Broadcasting Co.* v. *Button World Manufacturing Co.*, 151 USPQ 261 (NY Sup. Ct. 1966); *Wyatt Earp Enterprises* v. *Sackman, Inc.*, 157 F.Supp. 621 (S.D.N.Y. 1958); *Premier-Pabst Corp.* v. *Elm City Brewing Co.*, 9 F.Supp. 754 (D.Conn. 1935).

141. The court's finding of a likelihood of confusion and resulting trademark infringement and unfair competition, is reinforced and buttressed in this case by four additional factors which make that conclusion virtually irrefutable.

142. The first factor is that the defendant has already had its "day in court" with respect to the relationship, or lack thereof, between the plaintiff's comic strip and related products, and the defendant's counsel in 1954, identified as plaintiff's exhibit 588G, wherein defendant's attorney indicates that, from an investigation of the file of the 1933 opposition filed by plaintiff against defendant's predecessor, it is indicated that defendant's predecessor Rosefield filed a brief in support of a motion to dismiss alleging that the opposer Skippy, Inc. had failed to allege any damage, *didn't deal in foodstuffs*, etc. Defendant's predecessor Rosefield did not prevail in this argument. Plaintiff's opposition was sustained, and when Rosefield did not appeal, the decision became final. *In re Herbst*, 32 App. D.C. 269, (1908). Where issues are determined in an inter partes proceeding before an administrative tribunal, the doctrine of collateral estoppel should be applied to such decisions, since in the administrative proceeding, the parties had the full opportunity to litigate the issue. *U.S.* v. *Utah Const. Mining Co.*, 384 U.S. 394 (1966).

143. The court's holding of a likelihood of confusion is further buttressed by the fact that plaintiff presented evidence of actual confusion through the testimony of Charles Schulz and Margaret Feldman. It is well established that evidence of

actual confusion is not necessary to establish likelihood of confusion because this type of evidence is difficult to find. When available, however, it is the strongest proof of likelihood of confusion. *HMH Publishing Co., Inc.* v. *Brincat*, 504 F.2d 713, 719 (9th Cir. 1974); *World Carpets, Inc.* v. *Dick Littrelle's New World Carpets*, 438 F.2d 489 (5th Cir. 1971); *Waples-Platter Companies* v. *General Foods Corp.*, 439 F.Supp. 551, 582 (N.D. Texas 1977). In *World Carpets*, the Fifth Circuit wrote:

> "There can be no more positive or substantial proof of the likelihood of confusion than proof of actual confusion. Moreover, reason tells us that while very little proof of actual confusion would be necessary to prove the likelihood of confusion, an almost overwhelming amount of proof would be necessary to refute such proof." 438 F.2d at 489.

But defendant produced no evidence to refute the evidence of actual confusion. On the contrary, the third factor is based upon the testimony of Charles Schulz, famed creator of the comic strip "Peanuts" who testified that in his epert opinion the public associated Skippy Peanut Butter with the SKIPPY comic strip.

144. As further support and buttress for the court's holding of a likelihood of confusion, there is present in this case, principally through the testimony of plaintiff's presient, evidence in recent years of the type of "reverse confusion" present in the famour trademark case of *Big O Tire Dealers, Inc.* v. *Goodyear Tire and Rubber Co.*, 408 F.Supp. 1219, 189 USPQ 17 (D.Col. 1976) modf'd 561 F.2d 1365 (10th Cir. 1977). In that case, the defendant Goodyear, as the present defendant, was a very large corporation with enormous economic capacity. The plaintiff was a small corporation with limited resources. However, Goodyear, in taking plaintiff's trademark, with its enormous economic capacity associated the name in that case, BIG FOOT, with its product in the minds of a large number of people. The court went on to say:

"It is true that this confusion was not shown to have resulted in persons buying from Goodyear upon the mistake nor belief that they were buying a product sold by Big O. That cannot, however, become the sole basis for liability for trademark infringement. To permit Goodyear to act in blatant disregard of the plaintiff's position merely because they did not pass off its tires as Big O's would eliminate the protection of a business and the proerty right to identify itself and its products to the public. While the mere difference in size and economic power between competitors is not unfair, the competition becomes unfair if that power is used with a complete disregard of the property rights of the smaller company. There is adequate evidence for the jury to conclude that the result of Goodyear's advertising was the destruction of the of the ability of Big O to make any effective use of BIG FOOT to identify its products or its company as a source of such products. The destruction of a trademark must surely be an infringement of it. . . . Whether the wrong done by Goodyear should be characterized as common law trademark infringement or trademark disparagement, the result of it has been confusion in the minds of the public with respect to the relationship between Big O and Goodyear. That confusion did not exist before September 16, 1974. That confusion is, in itself, damage." 189 USPQ at 29.

Here too, defendant advertised and promoted its product in blatant disregard for plaintiff's trademark, which caused confusion between the relationship between the parties and which damaged the plaintiff.

C. Defendant's Affirmative Defenses

1. Release

145. The court concludes that defendant committed fraud in obtaining a release from the plaintiff in January, 1978.

146. The court further concludes that there were two types of fraud committed by defendant upon the plaintiff. The first is that defendant misrepresented material facts of its intent to implement the marketing agreement which plaintiff relied upon in its expectation of future royalties to be received from that agreement containing the release. The second is that plaintiff's former attorneys and defendant's present attorneys

misrepresented the importance of files that were withheld from plaintiff until after plaintiff executed the release. Had plaintiff known the truth about defendant's intention on implementing the marketing agreement or had plaintiff not been misled as to the importance of these files or had not been deprived access to these files, plaintiff would not have executed the marketing agreement which contained the release.

147. Accordingly, defendant is not entitled to rely upon the "release" in the January, 1978 agreement, and its affirmative defense must fail. *Bilotti* v. *Accurate forming Corp.*, 188a. 2d 24 (S. Ct. N.J. 1963); *Hester* v. *New Amsterdam Casualty Co.*, 412 F.2d 505 (4th Cir. 1969); *Thermoid Rubber Co.* v. *Bank Of Greenwood*, 1 F.2d. 891 (4th Cir. 1924). For the same reasons, defendant's affirmative defenses of accord and satisfaction and waiver must fail.

2. Laches and Estoppel

148. "Laches" simply means undue delay by a party asserting its rights against a trademark infringer. *Holiday Inns, Inc.* v. *Holiday Inn*, 364 F.Supp. 775, 784 (D.S.C. 1973), aff'd without opinion, 498 F.2d 1397 (4th Cir. 1974). However, the defense of laches is based upon equitable principals and thus is only permitted as to certain claims of relief under certain circumstances. *Menendez* v. *Holt*, 128 U.S. 514, 9 S.Ct. 143 (1888). All the cases turn on whether there is a good faith or bad faith adoption and use of the trademark and whether the claim is for an injunction or for damages. In this case, the damage claims were stricken before trial.

149. It is well settled in the Fourth Circuit that where a party adopts and uses another's trademark in good faith, an undue delay will deprive the trademark owner's claim for either an injunction or accounting. *Ambrosia Chocolate Co.* v. *Ambrosia Cake Bakery*, 165 F.2d 693 (4th Cir. 1947). However, it is equally well settled in the Fourth Circuit that where a party adpts and uses another's trademark in bad faith or deliberately sets out to capitalize on the good will of another, laches "is not a sufficient defense" to a claim for an injunction.

Holiday Inns, Inc. v. *Holiday Inn, supra*, 364 F.Supp. at 784, *Rothman* v. *Greyhound Corp.*, 175 F.2d 893, 896 (4th Cir. 1949).

150. The equitable defense of "estoppel" is distinctly different from "laches" because there is a required showing of an affirmative act of consent by the owner of a trademark; and an act of reliance by the alleged infringer upon that affirmative act which would unfairly prejudice the infringer if an injunction were granted. *Menendez* v. *Holt, supra, Holiday Inns* v. *Holiday Inn, supra*. Thus, mere knowledge and silence by the trademark owner does not constitute consent for purposes of proving a defense of estoppel, *Menendez* v. *Holt, supra*, 9 S. Ct. at 145; accord *Holiday Inns, Inc.* v. *Holiday Inn, supra*, 364 F.Supp. at 784; *Rothman* v. *Greyhound, supra*, 175 F.2d at 895-6.

151. As previously indicated, the court concludes that defendant adopted plaintiff's SKIPPY name and trademark in bad faith. Hence, under *Menendez* v. *Holt, supra, Holiday Inns, Inc.* v. *Holiday Inn, supra*, and *Rothman* v. *Gryhound, supra*, laches is not available as a defense to this defendant.

152. As to estoppel, this defense must also fail. Far from evidencing an affirmative act of consent by plaintiff, the record here is to the contrary. As indicated previously, plaintiff took actions which demonstrate that it never consented to such use, including the successful trademark opposition in 1934, the protests to defendant in 1935, 1944, 1947, and 1976. One of the principals in defendant's predecessor, Rosefield Packing Company, Jerome Rosefield, indeed admitted that defendant never needed or wanted any consent from plaintiff, and never relied on anything which plaintiff did or did not do. Furthermore, there is evidence the actions of defendant and its attorneys and agents in 1965, 1977 and inducing the fraudulent release in 1978 contributed to the delay in bringing the instant action. Under these circumstances, the defense of estoppel likewise must fail. *Menendez* v. *Holt, supra, Holiday Inns, Inc.* v. *Holiday Inn, supra, Rothman* v. *Greyhound, supra*.

153. Another reason for denying defendant's equitable defenses of laches and estoppel is found in the well established maxim that one who comes into equity must do so with clean hands. *The Age of Majority Education Corporation* v. *Preller et al*, 512 F.2d 1241 (4th Cir. 1975).

154. In view of defendant's "unclean hands" in fraudulently inducing plaintiff to enter into the January, 1978 agreement which contained a release, the court concludes that the right to assert laches and estoppel as a defense will be denied. "Any willful act concerning the cause of action which rightfully can be said to transgress equitable standards oif conduct is sufficient cause for the invocation of the maxim by the chancellor." *Precision Instrument Manufacturing Company* v. *Automotive Maintenance Machinery Company*, 324 U.S. 806, 815 (1945). See also *Dexter & Carpenter Inc.* v. *Houston et al*, 20 F.2d 647, 654 (4th Cir. 1927); *Walker Manufacturing Company* v. *Dickerson Inc.*, 560 F.2d. 1184, 1187 (4th Cir. 1977); *Burroughs Wellcome Co.* v. *Warner-Lambert Co.*, 203 USPQ 201 (TTAB 1979).

3. Abandonment

155. Abandonment can never be found where the one charged with same demonstrates substantially continuous use as well as by objective evidence, an intent not to abandon. *Sexlehner* v. *Eisner & Mendelson Co.*, 179 U.S. 19 (1900); *Baglin* v. *Cusenier Co.*, 221 U.S. 580 (1911); *Hanover Star Milling Co.* v. *Metcalf*, 240 U.S. 403 (1915).

156. To establish abandonment, then, the burden is upon defendant to bring forth evidence of non-use coupled with acts which indicate an intention toi permanently give up use of the mark. *Neva-Wet Corp.* v. *Never Wet Processing Corp.*, 277 N.Y. 163, 13 N.E. 2d 755 (1938). Furthermore, since abandonment results in a forfeiture of rights, the courts require that the evidence thereof be clear and convincing. *Neva-Wet Corp.* v. *Never Wet Processing Corp.*, *supra*. There must be a preponderance of evidence that "leaves no room for doubt or speculation" to prove by one "inescapable conclusion" that the

use of the mark was discontinued "with intent to abandon it to the world." *Oland's Breweries (1971) Ltd.* v. *Miller Brewing Co.* 548 F.2d 349 (CCPA 1976).

157. When the one charged with abandonment comes forward with objective evidence showing continuous efforts to keep the corporation which owns the mark in existence and to sell and otherwise exploit the trademark, no abandonment will be found. *Sterling Brewers, Inc.* v. *Schenley Industries, Inc.*, 441 F.2d 675 (CCPA 1971); *Ideal Toy Corp.* v. *Cameo Exclusive Products, Inc.*, 170 USPQ 596 (197.). Finally, abandonment does not result when some intervening involuntary actin such as confinement to a hospital causes an elimination of all activity. *Clubman's Club Corp.* v. *Martin*, 188 USPQ 455 (TTAB 1975).

158. Defendant's abandonment defense is overwhelmingly refuted by the evidence of use and intent not to abandon set forth in the findings of fact, above, paragraphs 7-80, listing in chronological fashion the activities undertaken by and on behalf of the plaintiff. It should be noted that there is not a single year in which plaintiff did not use its SKIPPY name or property, or undertake some activity which objectively demonstrates that there was never any intent to abandon its rights.

159. Acordingly, defendant's abandonment defense must fail. *Saxlehner* v. *Eisner & Mendelson Co., supra; Johanna Farms, Inc.* v. *Citrus Bowl, Inc.*, 468 F.Supp. 866 (E.D.N.Y. 1978).

160. Furthermore, defendant is estopped to raise the defense of abandonment on another ground. It is undisputed that defendant entered into a marketing option agreement with plaintiff in 1978, for use of the SKIPPY property. Even though that marketing agreement is now expired, defendant is nevertheless estopped to raise abandonment which arose prior to or during the term of license, under the theory of licensee estoppel. *Beer Nuts, Inc.* v. *King Nut Co.*, 477 F.2d 326 (6th Cir. 1973); *Danskin, Inc.* v. *Dan River, Inc.* 498 F.2d 1386 (CCPA 1974); *Professional Golfers Association* v. *Bankers Life and Casualty Co.*, 514 F.2d 665 (5th Cir. 1975); *Council of Better*

Business Bureaus v. *Better Business Bureaus of South Florida*, 477 F.Supp. 987 (D.C. Florida 1978). Additionally, the mere fact that defendant recognized plaintiff's rights in the SKIPPY property to the extent that it was willing to pay for an option foir the property would estop it from raising an abandonment prior to 1978, in view of the recent decision of *Saratoga Vichy Spring Co., Inc.* v. *Oren Lehman et al.*, ____ F.2d. ____, (2d Cir. 1980), reported in digest form in "BNA's Patent Trademark and Copyright Journal" issue of July 31, 1980 at A-10.

4. Incontestability

160. Defendant raises as an additional affirmative defense the incontestability benefits which it claimed in 1954 for its 1948 registration of SKIPPY for peanut butter. These incontestability benefits are set forth in 15 USC 1065 and 15 USC 1115b.

161. This court is of the view expressed in *Cuban Cigar Brands N.V.* v. *Upmann International, Inc.*, 457 F.Supp. 1090 (S.D. N.Y. 1978) that a mark is not incontestable against another if its use infringes upon that person's federal or common law rights obtained prior to the registration.

162. Furthermore, at the hearing on defendant's Motion for Summary Judgment on the grounds of incontestability earlier in this proceeding, defendant's counsel conceded, and the court found, that one of the statements in the 1954 Section 15 affidavit was false, namely, that "there had been no final decision adverse to" defendant's . . . "right to register the mark . . .", in view of plaintiff's successful opposition in 1934. In view of the falsity of the statement, defendant is not entitled to rely upon the incontestability benefits as an affirmative defense to this action. *Otis Elevator Co.* v. *Echlin Manufacturing Co.*, 187 USPQ 310 (TTAB 1975).

163. At the hearing on the Motion for Summary Judgment on grounds of incontestgability, the court left for a full determination at trial the issue of whether the false statement

was also fraudulent, in which case the fraudulent statement would serve as a basis for cancelling the underlying registration. The court concludes that the statement was indeed fraudulent. Certainly there can be no question as to the materiality of the statement, since the right of "incontestability" is so important, and the statement itself is required by the statute. In other words, the failure to include the statement in the affidavit would have meant that defendant would not have been able to claim incontestability benefits. Furthermore, defendant's Section 15 affidavit was signed by Joseph Rosefield, the same person who was president of defendant in 1934. When Mr. Rosefield signed that Section 15 affidavit he could not have been unmindful of the earlier opposition, as he was the person who had earlier made the decision not to appeal. Furthermore, there is evidence that Best Foods, Inc., to whom Rosefield was about to sell his business and the SKIPPY trademark for approximately $6,000,000 (Six million dollars), required as a condition for the sale that Rosefield, and not Best Foods, make the statement which has been conceded to be false.

164. Under these circumstances, the court concludes that the defendant acquired its incontestability benefits fraudulently, and that as a result, the rgistration should be cancelled. *Otis Elevator Co.* v. *Echlin Manufacturing Co., supra' Crown Wallcovering Corp.* v. *Wallpaper Manufacturers Ltd.*, 188 USPQ 141 (TTAB 1975); *Conwood Corp.* v. *Loew's Theatres Inc.*, 173 USPQ 829 (TTAB 1972); *Duffy-Mott Co.* v. *Cumberland Packing Co.* 424 F.2d 1095 (CCPA 1970); *G.B. kent & Sons Ltd.* v. *Colonial Chemical Corp.*, 162 USPQ 557 (TTAB 1969).

III. Defendant's Counterclaims

165. In view of the court's above rulings that defendant is guilty of trademark infringement and unfair competition, and that it fraudulently induced plaintiff to enter into the marketing oiption agreement, defendant's counterclaims for declaratory judgment and breach of contract are dismissed.

IV. Relief

166. The court directs that a permanent injunction be issued forhwith against defendant, its officers, agents, servants, employees and all persons acting in concert or participation therewith, enjoining them from using the designation SKIPPY.

167. Pursuant to 15 USC 1119, the court directs the Commissioner of Patents and Trademarks to cancel all federal trademark registrations owned by defendant and/or acquired by defendant which include the name SKIPPY.

168. Defendant is directed to pay to the plaintiff the full costs of this action.

Respectfully submitted,

RHODES, DUNBAR & LOMAX

By /s/ Craig Dunbar
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August 12, 1980

CERTIFICATE OF SERVICE

I hereby certify that a copy of he foregoing Plaintiff's Proposed Findings of Fact and Conclusions of Law, has been mailed to Brian Gettings, Esquire, Leonard, Cohen, Gettings & Sher, 1400 North Uhle Street, Courthouse Square, Arlington, Virginia 22201, this 12th day of August, 1980.

/s/ Stephen M. Trattner
STEPHEN M. TRATTNER

APPENDIX C

IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF VIRGINIA
ALEXANDRIA DIVISION

Civil Action No. 80-250-A

SKIPPY, INC.

Plaintiff.

v.

CPC INTERNATIONAL, INC.

Defendant.

FINDINGS OF FACT AND CONCLUSIONS OF LAW

THIS CAUSE came on for trial and the Court, having heard the evidence of the parties finds the facts and states the conclusions of law as follows:

Findings Of Fact

1. That in 1933, the Rosefield Packing Co. first began the use of the trademark "SKIPPY" on its peanut butter product which it sold and marketed in interstate commerce.

2. In 1955, Rosefield Packing Company, its peanut butter product and its "SKIPPY" trademark was acquired by the Best Foods, Inc.; The Best Foods, Inc. the peanut butter product and the "SKIPPY" trademark was acquired in 1958 by Corn Products Co., which amended its name in 1969 to CPC International Inc.

3. From 1933 until the present date, Rosefield Packing Co., The Best Foods, Inc. and CPC International Inc. continuously marketed SKIPPY peanut butter in interstate commerce.

4. In 1948, Rosefield Packing Co. was granted a federal registration under the provisions of the Trademark Act of 1946, as Registration No. 504,940. In 1954, Rosefield Packing Co. filed an Affidavit as required by the Trademark Act of

1946. The Affidavit stated as required by the Act that its mark was in continuous use; that there had been no final decision adverse to its claim of ownership of the mark for its goods and its right to register the same or keep the same on the register and there was no proceeding involving its rights pending and not finally disposed of.

5. In 1925, Percy Crosby obtained a federal trademark registration No. 202,193 of the name "SKIPPY" for a "title for a cartoon depicting a humorous juvenile character."

6. In 1932, Crosby formed a corporation known as Skippy, Inc. and assigned certain rights to that corporation including the right to the above trademark registration.

7. The cartoon "SKIPPY" appeared in various newspapers from 1923 until 1945 at which times its syndication ceased and it has not appeared on a regular basis in newspapers since 1945. Further, in 1945, trademark registration No. 202,193 expired.

8. From 1945 until 1970, Skippy, Inc. ceased its business activities and has not made commercial trademark use of the mark "SKIPPY" on comic strips since 1945.

9. From 1933 through March, 1980, no actions were brought by Skippy, Inc. or Percy Crosby against either Rosefield Packing Co., Best Foods, Inc. or CPC International Inc. challenging the right to use the trademark "SKIPPY" on peanut butter.

10. From 1958 through 1979 defendant, CPC International Inc., has expended over One Hundred Five Million ($105,000,000.00) Dollars in advertising and marketing for SKIPPY peanut butter; for that same period, not proceeds of SKIPPY peanut butter were over One Billion Two Hundred Eighteen Million ($1,218,000,000.00) Dollars.

10. In January, 1978, Skippy, Inc. and CPC International Inc. entered into an agreement in which, *inter alia*, Skippy, Inc. released and held CPC International Inc. harmless for any and all controversies relating to the use of "the Property"

(defined as Percy Crosby's artwork or comic strips) or the name "SKIPPY". The agreement also contained provisions for an option to CPC International Inc. from Skippy, Inc. regarding use of the "Property". CPC International Inc. paid to Skippy, Inc. Twenty Five Thousand ($25,000.00) Dollars which payment was tendered and accepted by Skippy, Inc.

11. Skippy, Inc. has been aware of the use of "SKIPPY" on peanut butter by Rosefield Packing Co., and its successors in interest (including CPC International Inc.) since 1933.

12. In 1933 at the time of defendant's adoption of the mark for its peanut butter, the "SKIPPY" mark was not distinctive since many companies had registered it for a variety of goods.

13. There was not in 1933 and is not today any likelihood of confusion of plaintiff and defendant's goods among the general public.

Conclusions Of Law

1. That plaintiff's Complaint, having been brought some forty-seven (47) years after plaintiff's first knowledge of the use of the mark "SKIPPY" by defendants on its peanut butter, is barred by the doctrine of laches and estoppel.

2. That the agreement entered into between plaintiff and defendant on January 10, 1978, fully released defendant from any and all liability which it may have had to the plaintiff; such agreement is valid, fair and supported by adequate consideration, and was not the result of any fraud or misrepresentation.

3. The agreement of January 10, 1978, is legal, valid and binding on both parties, therefore plaintiff is barred from bringing suit against defendant for the matters complained of herein and accordingly plaintiff's Complaint is barred by the doctrine of release.

4. Plaintiff has abandoned its right in the trademark "SKIPPY" for "publications, namely cartoon comic strips" by its none-use of is mark for an extensive period of time.

5. Defendant's registration of "SKIPPY" for peanut butter registration No. 504,950 is valid, and incontestable as provided by 15 U.S.C. § 1065 and conclusive evidence o defendant's exclusive right to use the registered mark in commerce in connection with peanut butter.

6. Defendant has not infringed any federal or common law trademark or any copyright rights of plaintiff by its use of its "SKIPPY" trademark on peanut butter and has not unfairly competed with plaintiff by its use of "SKIPPY" on peanut butter and related products either under 15 u.S.C. § 1125(a) or under the common law.

7. That in accordance with the above Conclusions of Law, the relief requested in plaintiff's Complaint should be denied and judgment on the Complaint should be entered in favor of the defendants.

8. That the defendant is entitled to declaratory judgment establishing its rights in the mark "SKIPPY" for use on its peanut butter and other related products under Registration No. 504,940 and therefore judgment on defendant's Counterclaim should be entered in favor of defendant.

9. That plaintiff's federal registration No. 1,129,551 shall be cancelled for failure to use the mark on the goods as provided by 15 U.S.C. § 1119, and the Clerk shall so notify the Commissioner of Patents forthwith.

10. That the defendant should recover from plaintiff its costs herein expended in the sum of _____.

11. That the defendant should recover from the plaintiff its legal fees expended in this matter in the sum of _____.

IT IS SO ORDERED and counsel for the defendant will submit an appropriate judgment in accordance herewith.

DATED THIS ___ day of _____, 1980.

/s/ _____

UNITED STATES DISTRICT JUDGE